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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)

1998 Biennial Regulatory Review --)
Review of International Common)
Carrier Regulations)

IB Docket No. 98-118

COMMENTS OF WORLDCOM, INC.

WorldCom, Inc. ("WorldCom") hereby files its comments in response to the Notice of Proposed Rulemaking, FCC 98-149, released July 14, 1998 ("NPRM") in the above-captioned proceeding. In its NPRM, the Commission proposes to review and eliminate outdated rules and procedures governing international common carriers. WorldCom has long been an active proponent of streamlining and the elimination of unnecessary burdens on international common carriers. WorldCom thus applauds the Commission's efforts and supports the Commission's proposals to streamline its rules, regulations, and filing requirements, with several modifications.

A. Blanket Section 214 Authorizations

The Commission proposes to issue a blanket Section 214 authorization for the provision of facilities-based or resold international services on unaffiliated routes. Although carriers would no longer need to obtain prior approval, carriers would be required to notify the Commission of their provision of service pursuant to the blanket Section 214 authorization. WorldCom supports this streamlining proposal. WorldCom opposes forbearance, however, because the Commission needs a mechanism which will allow it to condition or revoke authorizations as necessary in order to prevent anti-competitive conduct.

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WorldCom also agrees that the Commission should require that carriers notify the Commission that they are providing service under the blanket authorization. Such notification will ensure that carriers are on record at the Commission as being providers of international telecommunications services. For ease of reference, WorldCom suggests that the Commission publish or otherwise make available the names of carriers which have notified the Commission that they are operating as international carriers under the blanket authorization.

B. Forbearance from *Pro Forma* Assignments and Transfers of Control

The Commission proposes to forbear from requiring prior approval for *pro forma* assignments and transfers of control of Section 214 authorizations. Instead, the Commission would require only a notification that an assignment has occurred. No notification would be required for *pro forma* transfers of control of Section 214 authorizations.

WorldCom supports these proposals. These measures will simplify and expedite the corporate reorganization process and reduce the paperwork burden on the Commission and the public. These proposals will also afford carriers greater flexibility to change their internal organizations as business needs and the marketplace require. Assignments and transfers of control which will fall within the *pro forma* definition are generally of no interest to other carriers or to the public; therefore, the elimination of the prior approval process will not deprive the public of any necessary information.

WorldCom proposes that the Commission also apply these new rules to *pro forma* assignments and transfers of control of Title III earth station licenses and cable landing

licenses, in addition to Section 214 authorizations. The same public interest benefits of forbearance apply equally to *pro forma* assignments and transfers of control of Title III licenses and cable landing licenses as to Section 214 authorizations. Moreover, these licenses raise no special concerns that would dictate against such forbearance.^{1/}

WorldCom also fully agrees that the Commission should maintain its requirement that notifications of foreign affiliations be filed, notwithstanding the relaxation of the rules on *pro forma* assignments and transfers of control.

C. Provision of Service by Wholly-Owned Subsidiaries

WorldCom strongly supports the Commission's proposal to amend Section 63.21 of the Commission's Rules to provide that an international Section 214 authorization effectively permits a carrier to provide services through its wholly-owned subsidiaries. WorldCom urges the Commission to extend this proposal to apply to *any* other affiliates with the same ultimate ownership, in addition to wholly-owned subsidiaries. For example, a parent company should be allowed to operate under its subsidiaries' Section 214 authorizations and sister companies with the same ultimate ownership should be allowed to operate under each others' Section 214 authorizations. Eliminating the need for commonly-owned affiliates and subsidiaries to file separate Section 214 applications for the same service reduces an unnecessary administrative burden on carriers and on the Commission. The Commission's proposal also eliminates the need for commonly-owned companies to transfer

^{1/} Any party seeking to construct an undersea cable would still be required to file a cable landing license application pursuant to Section 1.767 of the Commission's Rules. Only the *pro forma* assignment or transfer of control of an existing cable landing license would be subject to forbearance.

Section 214 authorizations, which allows for corporate reorganization without undue delay.

WorldCom further proposes that the Commission also permit Title III and cable landing licensees to provide services through commonly-owned affiliates and subsidiaries. As in the case of Section 214 authorizations, this will reduce the administrative burden on carriers of seeking several authorizations for the same service and on the Commission of processing these authorizations.

D. Non-U.S. Licensed Submarine Cables and Exclusion List

The Commission has proposed to remove all non-U.S. licensed cable systems from the exclusion list in order to allow facilities-based carriers to use such systems without additional authorization. WorldCom supports this proposal. With the increasing global liberalization spurred by the entry into force of the World Trade Organization Basic Telecommunications Agreement earlier this year, there is no longer the need for a blanket prohibition on the use of non-U.S. licensed submarine cable systems.

E. Section 214 Authorizations for Construction of New Submarine Cable Facilities

WorldCom supports the Commission's proposal to eliminate the requirement that a carrier must apply for Section 214 authorization when it seeks a license for new submarine cable construction if the carrier is already authorized on a facilities basis for that route. There is no reason that the filing requirements should be different for common carrier cables than for non-common carrier cables. WorldCom also agrees that the filing fees should be adjusted so that the fees are the same for each type of cable landing license application. WorldCom supports the inclusion of the authorization to construct new lines among the rights granted to all authorized facilities-based carriers.

F. Reorganization of Part 63 Rules

The Commission proposes a reorganization of its Part 63 Rules, including creating a new definitions section and new sections containing obligations of facilities-based and resale carriers. WorldCom supports the Commission's effort to reorganize the rules and agrees that these new sections will be helpful, with several modifications.

1. Notification of Foreign Affiliation

WorldCom strongly opposes the Commission's proposal to amend Section 63.18 to require Section 214 applicants to list only the direct and indirect foreign carrier shareholders with interests greater than 25 percent, rather than 10 percent. WorldCom supports maintaining the current 10 percent requirement because it is not burdensome and it serves the public interest. Under both the current rule and the Commission's proposed rule, Section 214 applicants are required to file foreign carrier affiliation information. Requiring the disclosure of foreign carrier affiliations greater than 10 percent creates no additional work for applicants, but will greatly assist the Commission in identifying foreign carrier affiliations that may present significant anticompetitive risks in the U.S. market.^{2/}

2. Approval Process for ISR

The Commission also proposes to allow requests for ISR on new routes to be made by petition for declaratory ruling. WorldCom does not believe that a petition for

^{2/} See In the Matter of Rules and Policies on Foreign Participation in the U.S. Telecommunications Market, IB Docket No. 97-142 and Market Entry and Regulation of Foreign-Affiliated Entities, IB Docket No. 95-22, Report and Order and Order on Reconsideration, FCC 97-398 (released November 26, 1997) at footnote 679 ("We retain our policy, however, of scrutinizing investments of 25 percent or less that present a significant potential impact on competition in the U.S. market for international telecommunications services.").

declaratory ruling will necessarily be any faster than the current Section 214 application requirement. WorldCom recommends instead that the Commission streamline this process even further for ISR to WTO countries which have reached the appropriate benchmark settlement rate. Specifically, the Commission should, at the request of a carrier by letter, initiate a streamlined process consistent with the current streamlined process for Section 214 applications whereby the request would be placed on public notice for twenty-one days. If there are no oppositions, the request would be automatically granted after thirty-five days. WorldCom is not aware of any ISR applications which have been opposed and therefore believes that a more formal process is unnecessary and burdensome and adds uncertainty as to the date on which carriers can commence the provision of ISR service. Where a non-WTO country is involved or the benchmark test has not been met, WorldCom supports the Commission's proposal to allow petitions for declaratory ruling.

G. WorldCom Proposals for Streamlining of Authorizations to Use Non-U.S. Satellites

In addition to the proposals made in the NPRM, WorldCom also suggests that the Commission streamline its rules governing authorizations to use non-U.S. satellites. Specifically, WorldCom recommends that the Commission eliminate the requirement that, when applying for Title III authorization to use a non-U.S. satellite, an earth station operator must certify that the satellite is in orbit and operational, and that the international coordination process has been completed. WorldCom recommends that the Commission instead publish a list of satellites which meet these requirements. In the alternative, this requirement could also be streamlined by creating an automatic authorization so that once one carrier files a certification for a particular satellite system, all other authorized carriers would

be allowed to use the satellite without the certification requirement.

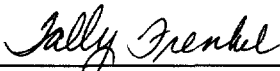
WorldCom also recommends that once a non-U.S. licensed satellite system is approved for use by U.S. carriers to specified points, the Commission place it on a list and allow any authorized carrier to use that system to those points without further Section 214 authorization and without amending its Title III licenses (as long as the satellite system is within the orbital arc and frequency bands of the carrier's authorized earth stations). This would eliminate the type of situation which has occurred with the Mexican Morelos/Solidaridad satellite system, which was authorized for use by U.S. carriers in October 1997 when the U.S. and Mexican governments signed a satellite treaty, but for which U.S. carriers still have not received Section 214 authorizations. U.S. carriers have been required to request Special Temporary Authorizations to operate with Morelos/Solidaridad. This inefficient use of time and resources could be avoided in the future if the Commission authorizes the use of these satellites through the publication of a list of authorized non-U.S. satellites.

H. Conclusion

In conclusion, WorldCom applauds the Commission's efforts to streamline and simplify its rules and procedures. WorldCom strongly supports the Commission's proposals, with the modifications recommended above.

Respectfully submitted,

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August 13, 1998

CERTIFICATE OF SERVICE

I, Susanne Deljoubar, hereby certify that I have this 13th day of August, 1998, sent a copy of the foregoing "Comments" by first-class, U.S. mail, postage prepaid to the following:

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